



Physiomics Plc  
The Magdalen Centre  
The Oxford Science Park  
Robert Robinson Avenue  
Oxford  
OX4 4GA  
UK

Tel 01865 784980  
Fax 08701 671931

## Physiomics Plc

("Physiomics" or "the Company")

### Interim Results Statement for the six-month period ended 31 December 2018

**Oxford, UK, 21 February 2019:** The Board of Physiomics Plc, a provider of technology-based solutions to predict the effects of cancer treatment regimens for the biopharma industry (AIM: PYC), today announces its financial results for the six months ended 31 December 2018.

Physiomics' Virtual Tumour™ is a sophisticated computer model that simulates tumour cell division and predicts the effect of different anti-cancer regimes to support pre-clinical and clinical oncology development programs. Virtual Tumour™ helps customers to balance efficacy and toxicity and to prioritise the most effective drug combinations while reducing time and cost.

#### Summary financial results

- Total income\* £372k (H1 2017: £142k)
- Operating loss £113k (H1 2017: £220k)
- Cash and cash equivalents of £552k at 31 December 2018 (31 December 2017: £166k)
- Shareholders' funds of £639k at 31 December 2018 (31 December 2017: £190k)

\* Total income for the six months ended 31 December 2018 includes other operating income which is grant income of £48k (H1 2017: £68k)

## *Operational highlights*

Key events in the period include:

- Announcement that the Company had increased its capacity to deliver client projects with the addition of a new member of its technical project team;
- Announcement of a contract award expected to be worth approximately £55,000 with a new European biotech client; and
- Announcement that Merck had signed contracts with Physiomics for services to the value of £435,000 expected to be completed during calendar year 2019.

## *Chairman and CEO's statement*

### *Introduction*

The Company is pleased to report a strong first half year culminating with the announcement in December 2018 of the renewal of its deal with long-term client Merck. The Company continues to focus on increasing awareness amongst potential clients and building its pipeline of new business.

The total income for the period increased 162% to £372k compared with £142k in the comparable prior period. Total income for the period comprised the second half of the 2018 Merck projects, revenues from new clients announced during the calendar year and grant income from Innovate UK.

Expenses for the half year increased to £485k compared with £362k for the comparable prior period, mainly due to the cost of new staff, increased use of consultants and increased spend on marketing and conferences. Total expenses were in line with internal forecasts and with the use of funds stated during the Company's placing in May 2018. The investments in staff and consultants increases the Company's capacity to service client business and the investment in marketing is helping to build our pipeline of future business. Despite this increased spend, the operating loss for the half year narrowed by 49% to £113k compared with £220k in the comparable prior period and the loss after tax narrowed 67% to £64k compared with £192k in the comparable prior period. Cash and equivalents increased significantly to £552k at 31 December 2018, compared with £166k at 31 December 2017 and are relatively unchanged from £572k at 30 June 2018.

### **Business strategy**

The Company continues to work in two distinct areas. Our core business remains the provision of services to companies developing cancer drugs, where Physiomics can bring decades of experience to bear on clients' challenges. Our work using Virtual Tumour™ has been used by clients in discussions with regulators and to help them design their early clinical trials.

During the second half of its financial year the Company plans to engage additional business development support, strengthen its online and social media presence and develop collateral such as publications and case studies that can be leveraged across all these channels. The Company will attend key conferences, including the American Association for Cancer Research annual conference (29 March 2019 to 3 April 2019 in Atlanta, Georgia) where we will once again be presenting. We hope to see these marketing

activities bear fruit in the form of new clients during this period. The Directors believe that a combination of our new hire in July 2018 and increased use of our flexible consultants will enable us to manage the expected workload. The Company, at the current time, stands ready to recruit new team members if required.

In parallel with our core commercial activities we are close to completing our most recent Innovate UK grant funded project focused on the personalised treatment of prostate cancer. This feasibility project involves the use of artificial intelligence techniques (such as neural networks and other machine learning techniques) to develop an online tool that could, if approved, be used in hospitals and clinics to support personalised dosing of the commonly used chemotherapy drug docetaxel and improve outcomes for prostate cancer patients. Physiomics is in discussions with a number of organisations about how it might validate and seek regulatory approval for this tool, with a view to either partnering the technology or developing it further in-house.

## **Outlook**

Building on the momentum generated by existing and new contracts as well as success in attracting grant funding in calendar year 2018, we are looking forward to what the Directors believe will be a strong second half, underpinned by contracts already secured, and look forward to providing further updates on business activities to the market going forwards.

For further information please contact:

**Physiomics Plc**  
Dr Jim Millen  
+44 (0)1865 784980

**WH Ireland Limited (nomad)**  
Katy Mitchell  
James Sinclair-Ford  
+44 (0) 161 832 2174

**Hybridan LLP (broker)**  
Claire Louise Noyce  
+44 (0) 203 764 2341

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### Unaudited Statement of Comprehensive Income for the half year ended 31 December 2018

	Unaudited Half year to 31-Dec-18 £'000	Unaudited Half year to 31-Dec-17 £'000	Audited Year ended 30-Jun-18 £'000
Revenue	324	74	428
Other operating income	48	68	85
<b>Total income</b>	<b>372</b>	<b>142</b>	<b>513</b>
Operating expenses	<u>(485)</u>	<u>(362)</u>	<u>(773)</u>
<b>Operating loss and loss before taxation</b>	<b>(113)</b>	<b>(220)</b>	<b>(260)</b>
UK corporation tax	49	28	77
Loss for the period attributable to equity shareholders	<u>(64)</u>	<u>(192)</u>	<u>(183)</u>
Loss per share (pence)			
Basic and diluted	(0.09) p	(0.34) p	(0.31) p

## Physiomics Plc

### Unaudited Statement of financial position as at 31 December 2018

	Unaudited As at 31-Dec-18 £'000	Unaudited As at 31-Dec-17 £'000	Audited As at 30-Jun-18 £'000
Non-current assets			
Property, plant and equipment	<u>19</u>	<u>5</u>	<u>5</u>
	19	5	5
Current assets			
Trade and other receivables	269	236	241
Cash and cash equivalents	<u>552</u>	<u>166</u>	<u>572</u>
	821	402	813
Total assets	<u>840</u>	<u>407</u>	<u>818</u>
Current liabilities			
Trade and other payables	(61)	(217)	(60)
Deferred revenue	<u>(140)</u>	<u>-</u>	<u>(68)</u>
Total liabilities	<u>(201)</u>	<u>(217)</u>	<u>(128)</u>
Net assets	<u>639</u>	<u>190</u>	<u>690</u>
Capital and reserves			
Share capital	1,181	1,128	1,181
Capital reserves	5,411	4,959	5,398
Profit & loss account	<u>(5,953)</u>	<u>(5,897)</u>	<u>(5,889)</u>
Equity shareholders' funds	<u>639</u>	<u>190</u>	<u>690</u>

## Physiomics Plc

### Unaudited Statement of changes in equity for the half year ended 31 December 2018

	Share capital £'000	Share premium account £'000	Share-based compensation reserve £'000	Retained earnings £'000	Total shareholders' funds £'000
At 1 July 2017	1,121	4,753	159	(5,705)	328
Share issue (net of costs)	7	47	-	-	54
Loss for the period	-	-	-	(192)	(192)
At 31 December 2017	1,128	4,800	159	(5,897)	190
Share issue (net of costs)	53	428	-	-	481
Transfer to other reserves	-	-	11	-	11
Profit for the period	-	-	-	8	8
At 30 June 2018	1,181	5,228	170	(5,889)	690
Transfer to other reserves	-	-	13	-	13
Loss for the period	-	-	-	(64)	(64)
At 31 December 2018	1,181	5,228	183	(5,953)	639

## Physiomics Plc

### Unaudited Cash Flow Statement for the half year ended 31 December 2018

	Unaudited Half year to 31-Dec-18 £'000	Unaudited Half year to 31-Dec-17 £'000	Audited Year ended 30-Jun-18 £'000
Cash flows from operating activities:			
Operating loss	(113)	(220)	(260)
Amortisation and depreciation	3	2	3
Share-based compensation	13	0	11
(Increase) decrease in receivables	(30)	(84)	(40)
Increase / (decrease) in payables	5	(3)	(27)
Increase / (decrease) in deferred revenue	72	133	68
Cash generated from operations	<u>(50)</u>	<u>(172)</u>	<u>(245)</u>
UK corporation tax received	47	75	75
Net cash generated from operating activities	<u>(3)</u>	<u>(97)</u>	<u>(170)</u>
Cash flows from investing activities:			
Purchase of non-current assets, net of grants received	(17)	(1)	(2)
Net cash used by investing activities	<u>(17)</u>	<u>(1)</u>	<u>(2)</u>
Cash outflow before financing	(20)	(98)	(172)
Cash flows from financing activities:			
Issue of ordinary share capital (net of costs)	0	54	534
Net cash from financing activities	<u>0</u>	<u>54</u>	<u>534</u>
Net (decrease) / increase in cash and cash equivalents	(20)	(44)	362
Cash and cash equivalents at beginning of period	572	210	210
Cash and cash equivalents at end of period	<u>552</u>	<u>166</u>	<u>572</u>

## Physiomics Plc

### Notes to the Interim Financial Statements

#### 1. General information

Physiomics Plc is a public limited company (“the Company”) incorporated in England & Wales (registration number 4225086). The Company is domiciled in the United Kingdom and its registered address is The Magdalen Centre, Robert Robinson Avenue, The Oxford Science Park, Oxford, OX4 4GA. The Company’s ordinary shares are traded on the AIM Market of the London Stock Exchange (“AIM”). Copies of the interim report are available from the Company’s website, [www.physiomics-plc.com](http://www.physiomics-plc.com). Further copies of the Interim Report and Annual Report and Accounts may be obtained from the address above.

The Company’s principal activity is the provision of services to pharmaceutical companies in the area of outsourced systems and computational biology.

#### 2. Basis of preparation

The interim financial statements of the Company for the six months ended 31 December 2018, which are unaudited, have been prepared in accordance with the accounting policies set out in the annual report and accounts for the year ended 30 June 2018, which were prepared under International Financial Reporting Standards (“IFRS”).

The financial information contained in the interim report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The financial information for the full preceding year is based on the statutory accounts for the year ended 30 June 2018. Those accounts, upon which the auditors, Shipleys LLP, issued a report which was unqualified but contained an emphasis of matter paragraph, have been delivered to the Registrar of Companies.

As permitted, this interim report has been prepared in accordance with the AIM Rules for Companies and not in accordance with IAS 34 “Interim Financial Reporting” therefore it is not fully compliant with IFRS.

The interim financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£’000) except when otherwise indicated.

#### 3. Loss per share

Basic loss per share is 0.09p (H1 2017: loss per share 0.34p). The basic loss per ordinary share is calculated by dividing the loss of £63,935 (H1 2017: loss £191,934) by 71,910,394 (H1 2017: 57,180,002), the weighted average number of shares in issue during the period.

The loss attributable to equity holders (holders of ordinary shares) of the Company for calculating the fully diluted loss per share is identical to that used for calculating the loss per share. The exercise of share options would have the effect of reducing the loss per share and is therefore anti- dilutive.